



ARLINGTON AFFORDABLE HOUSING
ACQUISITION, CREATION & CONVERSION PROGRAM
REQUEST FOR PROPOSALS: FUNDING APPLICATIONS

RFP Issue Date: June 14, 2024

Submission Deadline: September 30, 2024 at noon, EST or until funds are exhausted.¹

Applications will be reviewed on a rolling basis and funding is limited. Applicants seeking funding should submit as early as possible to maximize the likelihood of funding.

Applications to be submitted to:

ARLINGTON AFFORDABLE HOUSING TRUST
c/o Department of Planning and Community Development
Town of Arlington, Massachusetts
730 Massachusetts Avenue
Arlington, MA 02476

For questions, please contact:

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(781)316-3096

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¹ The Trust shall issue an addendum indicating when funds have been exhausted.



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PURPOSE

The Arlington Affordable Housing Acquisition, Creation & Conversion Program (“ACC”) is established by the Town of Arlington (the “Town”) and the Arlington Affordable Housing Trust (the “Trust”) to support the creation of new affordable housing units and the preservation of naturally occurring affordable housing for present and future Arlington residents, for the long term.

There are four key goals for the ACC Program:

1. To increase the share of Arlington’s rental and homeownership housing stock that is protected from market forces and is affordable to households that cannot afford market-rate rents or sale prices;
2. To prevent displacement of low-income tenants of “naturally-occurring” affordable housing units by ensuring their units will remain affordable over the long term;
3. To support and retain a diversity of residents in Arlington by capturing moderately priced housing from the speculative market; and
4. To create new, affordable housing opportunities in excess of the requirements of the Town’s Inclusionary Zoning bylaw;

Eligible Proposals must comply with American Rescue Plan Act (ARPA) affordable housing program requirements and may include:

1. Acquisition of one or more existing, unrestricted, vacant housing units to convert to deed-restricted, low-moderate income Affordable Housing units;
2. Acquisition of existing rental housing units currently occupied by low-moderate income residents to convert to deed-restricted, low-moderate income Affordable Housing units to protect tenant(s) from rent increases or displacement;
3. Property Owners Conversion of one or more housing units currently occupied by low-moderate income residents who wish to place a long-term deed restriction on certain units to protect current tenants from rent increases or displacement; or
4. Property Owners Conversion of one or more vacant housing units seeking to convert to deed-restricted, low-moderate income Affordable Housing units; or
5. Property Owners or Purchasers seeking to create new construction, deed-restricted, low-moderate income Affordable Housing units.

PROGRAM DESCRIPTION



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1. Application. Qualified applicants seeking funding under the ACC Program to create new or convert existing housing units to deed-restricted Affordable Housing units in Arlington will submit an application in conformance with ACC Program. Applicants must identify one or more units of housing in Arlington they propose to acquire, create, and/or convert to deed-restricted Affordable Housing, as defined in Section 4.
2. Eligible Proposals. Eligible housing units must meet Housing Quality Standards (“HQS”) as defined by the U.S. Department of Housing and Urban Development. Requested funding may be used to support a portion of acquisition costs, to create an affordable housing unit, to repair the property to ensure compliance with HQS, and/or to subsidize the associated costs of deed-restricting an Affordable Housing unit for the required length of time. Applicants must demonstrate that the acquisition, creation, and/or conversion of the subject unit(s) of housing and its long-term operation will be financially feasible, and that the Applicant’s team has the experience and financial capacity to acquire, renovate, lease and operate the units proposed for conversion. Applicants must also demonstrate they have the ability to obtain all financing needed to acquire, create, and/or convert the unit(s), including any renovations or reserves necessary to ensure the property meets HQS and can reasonably be expected to meet HQS for the term of the deed restriction required by the program. Funding requests must be limited to the amount required to ensure financial feasibility, as demonstrated by a development Sources and Uses schedule and long-term operating pro forma projecting income, operating expenses and capital improvements.
3. Funding Agreement. Upon receiving funding approval, Funding Recipients will enter into a Funding Agreement (“Agreement”) with the Town of Arlington/Affordable Housing Trust no later than November 1, 2024. This Agreement will specify the maximum award amount per unit as proposed by the Applicant to acquire, create, and/or convert to a deed-restricted Affordable housing unit. The Agreement will also provide the specific terms and conditions under which the Town of Arlington/Affordable Housing Trust will provide funding and the specific circumstances for the release of the funds. The Funding Agreement will require the Applicant to satisfy HQS, subject each funded unit to a deed restriction, lease all restricted Affordable Housing Units to eligible tenants, or have homeownership units Sold no later than December 31, 2026. The Funding Agreement will also subject the Funding Recipient and the subject property (or properties) to any requirements imposed by the source of funding, which may vary, but is anticipated to be federal funds provided under the American Rescue Plan Act (ARPA). Selected funding



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recipients shall be considered sub-recipients of any state or federal funds, including ARPA funds, as applicable. Selected Funding Recipients must comply with all local, state and federal laws regarding the use of public funds.

ACC Program funding may be made available to draw at acquisition and/or closing of financing to support acquisition cost, creation and/or any planned repairs or reserves, to the extent needed. The amount of funding made available prior to the execution and recording of the required deed restriction and income qualification of existing residents may be limited.

The Funding Agreement requires the Funding Recipients to notify the Trust promptly of any changes in the proposed development sources and uses or long-term operating pro forma, financing or timeline, including changes in the anticipated purchase price, the cost of repairs, and the eligibility of existing tenants to occupy the units when subjected to the use restriction. The Trust will review such changes to ensure continued eligibility for funding under the program. Time is of the essence with respect to such changes, since any funding not committed and/or expended in a timely manner may be unable to be deployed for intended purposes. The Funding Recipient's failure to provide timely notice of material changes may result in termination of the Funding Agreement and recapture of expended funds.

4. Acquisition Program Funds Closing. Any Purchase & Sale or Option Agreement entered into by a Funding Recipient should provide sufficient time to allow the Funding Recipient, its Lender(s) and the Trust to conduct due diligence. During this period, the Trust and the Funding Recipient will inspect the property to establish any necessary renovation scope and associated budget, clarify the current tenancies, and establish a Final Development and Operating Budget. Any Lender-required actions (e.g. appraisals, environmental review) will be done at this time. If all Trust and Lender requirements are met, the Funding Recipient may proceed with the acquisition.

At the time of closing on the Acquisition Program funding, the Funding Recipient will execute a note and mortgage, providing its share of the purchase price or project costs as specified in the approved Development and Operating Budgets. The Funding Recipient shall be required to execute an Affordable Housing deed restriction in a form required by the Trust which will be recorded at the Middlesex Registry of Deeds as



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part of the closing. The restriction for rental units must have a term of no less than twenty (20) years. The restriction for a homeownership unit shall be in perpetuity.

5. Repairs. To the degree that the property needs rehabilitation as approved in the Final Development and Operating Budget, the Applicant will undertake the work, drawing down any ACC Program funds budgeted for construction costs as construction progresses. If no acquisition or construction work is required, the Applicant may draw down all of the ACC Program funds upon the Trust's confirmation (following inspection and certification) that the building meets Housing Quality Standards. The Trust funds must be fully drawn down no later than December 22, 2026.
6. Affordable Homeownership Unit Requirements. Applicant must agree to submit an Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP) that meets the standards set forth by the Executive Office of Housing and Livable Communities (EOHLC), as may be amended from time to time, before the marketing and application process commences. Homeownership units shall be reserved for and occupied by income-eligible households whose income (adjusted for household size) at the time of purchase shall not exceed 100% AMI as published by HUD for the Boston, Cambridge, Quincy Metropolitan Area and generally comply with the criteria established by the Comprehensive Permit Project Guidelines established by EOHLC. Sale prices shall be established at the time of the initial marketing of the affordable units in accordance with the maximum sales price as published by HUD for the Boston, Cambridge, Quincy Metropolitan Area.
7. Affordable Rental Unit Requirements. Funding Recipients must agree to submit an Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP) that meets the standards set forth by the Executive Office of Housing and Livable Communities (EOHLC), as may be amended from time to time, before the marketing and application process commences. Units funded utilizing AHTF funds must be leased to tenants earning not more than 100% AMI (average Median Income) limits as provided by HUD. Rent must meet the published HUD Fair Market Rent subtracting any utility allowance for utilities paid by tenant using utility allowance standards published by HUD for the Boston, Cambridge, Quincy Metropolitan Area. All units must meet habitability standards as set forth in the Massachusetts Sanitary and Building codes.



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8. Occupancy Stabilization Plan. Over a period of up to 24 months, ending no later than December 31, 2026, the developer will execute an Occupancy Stabilization plan as specified in the Final Development and Operating Budget. At the end of this 24-month period, the occupancy of the Affordable Housing unit(s) shall comply with the terms of the deed restriction. At the end of the two-year Occupancy Stabilization Period, tenancies of the property must be compliant with the affordability and occupancy targets agreed upon at the time of closing and secured by the Affordable Housing Deed Restriction. In the event of a conversion of an occupied rental unit, the Applicant may request a written waiver from the Trust in order to prevent involuntary displacement of a tenant(s).

AVAILABLE RESOURCES

Pursuant to the revised ARPA Framework plan approved by the Arlington Select Board on April 20, 2022, the Town of Arlington has allocated approximately \$3,000,000 of American Rescue Plan Act (ARPA) funding to support the creation, production and preservation of affordable housing in Arlington. Applicants may also access future additional resources, time permitting, from the Community Development Block Grant (CDBG) Program and the Community Preservation Act (CPA) committee or other sources as needed. Applicants are strongly encouraged to make affordable housing units available to mobile voucher holders or to seek project-based vouchers to increase financial feasibility and reduce reliance on ACC Program funding, where possible. Applicants may not request more than is reasonably determined to be necessary for financial feasibility, subject to a maximum award of **\$250,000** per deed-restricted unit. Preference will be given, to the extent consistent with the rolling application process, to projects that provide the most leverage of ARPA funding. The Trust reserves the right to award less than the requested amount of funding and to increase the per-unit funding cap, if necessary, to facilitate the success of the ACC Program and/or any funded project.

ELIGIBLE PROPOSALS

Eligible projects may include new-construction rental or homeownership units; occupied or partially occupied buildings with one or more rental or homeownership units; and vacant housing units. Properties shall not be subject to any existing Affordable Housing deed restrictions or covenants, without prior approval from the Trust.



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The ACC Program is designed to take advantage of opportunities that currently exist in the market in order to protect existing housing units, and to provide decent housing at reasonable costs. The ACC Program will also consider opportunities to construct new units or subsidize the inclusion of additional Affordable Housing units in development projects currently under construction or those in the process of applying for a building permit through the Inspectional Services Department.

It is expected that most of the existing properties/units eligible for the ACC Program will be in substantially good operating condition, providing safe, stable housing that currently meets the Housing Quality Standards (HQS). The Trust will consider vacant properties as well as properties that may need a more significant level of rehabilitation, on a case-by-case basis, as long as the acquisition and/or renovation of the building may be achieved within the financial and time parameters of the ACC Program.

For the acquisition of existing occupied units, there shall be no displacement of tenants in good standing at the time of acquisition. Applicants may propose to provide rental units to a mix of incomes, but ACC Program funds are available only for units that are deed-restricted for a minimum of 20 years to occupants with incomes not exceeding 100% of Area Median Income ("AMI"), preferably with a focus on meeting the needs of occupants with incomes 60% or below the AMI. With respect to properties that have existing tenancies, upon turnover, rents, tenancies, and tenant selection procedures must be adjusted to reflect the proposed occupancy restriction and the requirements of Federal and State fair housing.

EVALUATION CRITERIA

Applicants must meet the Minimum Eligibility Criteria to be considered.

Minimum Eligibility Criteria:

1. Complete Application Submission. Applications must be submitted prior to the deadline and contain all necessary forms, documents, and signatures as required in this Request for Proposals ("RFP"). Applications must provide sufficient detail and completeness so the Trust can fairly evaluate the proposal using the Comparative Evaluation Criteria specified below. Applications that fail to provide sufficient information for this review will be rejected.



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2. Good Standing. Applicants must be in good standing with all departments of the Town of Arlington, including for taxes and building code violations, and for all properties it owns in the Town of Arlington. Applicants must also not be debarred or suspended from participation in Federal funding programs.
3. Submission of required standard forms: the Certifications of Tax Compliance, Non-collusion, and Authority (see Appendices).
4. Funds must be spent, and an Occupancy Stabilization Plan completed by December 31, 2026.
5. All Affordable Housing rental units must be deed restricted for a minimum of 20 years to individual households earning up to a maximum of 100% of the Area Median Income (AMI). Affordable Housing homeownership units shall be deed restricted in perpetuity to individual households earning up to a maximum of 100% of the Area Median Income (AMI).

Comparative Evaluation Criteria

Applications meeting the minimum criteria will be judged on the following evaluation criteria, with assignment of a rating either not advantageous, advantageous or highly advantageous.

1. Overall quality of proposal

Not Advantageous: proposal complete and responsive to some, but not all items in RFP.

Advantageous: proposal well written with a clear visual and graphic format and responsive to all items in RFP.

Highly Advantageous: proposal is of outstanding visual and written quality, responsive to all items in RFP and introduces innovative and creative concepts with evidence demonstrating that they will result in affordable homes in Arlington in a timely manner.

2. Experience



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Experience of Proposer's principal person and any primary development team members in successfully rehabilitating homes and/or developing affordable housing.

Not Advantageous: The proposer has never produced an affordable home.
Advantageous: The proposer has produced an affordable home in the last 5 years.
Highly Advantageous: The proposer has produced multiple affordable homes in the Boston area in the last 5 years.

3. Financial feasibility

Financial feasibility of the development proposal based on projected funding sources for predevelopment, development, operating costs and financial strength of developer.

Not Advantageous: The project budget has significant gaps.
Advantageous: The project budget meets industry standards for financial feasibility.
Highly Advantageous: Financial feasibility is more than adequate to address the projected funding needs.

4. Affordability

The Affordable Housing Trust has a strong interest in creating or preserving housing restricted to households making at or below 60% AMI but may approve proposals up to 100% AMI to qualify for affordable units:



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Not Advantageous: This project will not yield any deed-restricted affordable housing units.

Advantageous: At least one affordable unit will be preserved or created for households with incomes at or below 100% AMI.

Highly Advantageous: At least one affordable unit will be preserved or created for households with incomes at or below 60% of AMI; or three or more units will be restricted to those with incomes at or below 100% of AMI.

5. Quality of Housing

Not Advantageous: Meets minimum code and sanitation standards. Limited useable square foot area.

Advantageous: Exceeds minimum standards and provides useable square foot area consistent with Comprehensive Permit Project Guidelines published by EOHLA. May include a full kitchen, full bath, washer/dryer, and high-speed internet. Rented on a month-to-month basis.

Highly Advantageous: Provides spacious living areas, strong natural light, full kitchen, washer/dryer, and high-speed internet. Homeownership opportunity or rented on a long-term lease.

6. Interview

The Trust may require an interview with Applicant, and any interview presentations will be considered as part of the overall evaluation process to determine the successful proposer.

Not Advantageous: interview does not show a full understanding of the concerns of the Trust and the Town as described in the RFP.

Advantageous: responsive to the concerns of the Trust and the Town as described in the RFP.

Highly Advantageous: very responsive to the concerns of the Trust and the Town as described in the RFP.



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APPLICATION SUBMISSION INSTRUCTIONS

A complete application submittal package will include the following documents:

1. Application Cover Sheet and Letter of Interest
2. Arlington Affordable Housing Trust ACC Program Application
3. Budget: Fully describe the development budget including the amount and source of all proposed funds, and a 10-year operating pro-forma that reflects typical income (sales or rents) and expenses including but not limited to debt service costs and capital or operating reserves. Provide a development financing plan, including:
 - a. The amount of grant funds the Proposer is seeking from the Trust, when those funds would be expected (month/year) and whether those funds would be needed in one lump sum or over a period of time.
 - b. A proposed pre-development budget, if applicable, including all projected sources to be used to secure necessary permits and approvals for the rehabilitation and any construction.
 - c. A development budget that includes a list of sources and uses.
 - d. Operating budgets with income and expenses over a minimum 10-year period.
 - e. Assumptions used in making the above determinations, for example, utility costs, taxes or exemptions, price escalations, etc.
4. Description of an Occupancy Stabilization Plan and timeline consistent with the requirements of the RFP
5. Developer Qualification Statement
6. Certification of Non-collusion and Tax Compliance per state law
7. Certificate of Authority (applies to corporations only)

Applications shall be submitted electronically, in person or mailed to:

Arlington Affordable Housing Trust Fund
c/o Department of Planning and Community Development
Arlington Town Hall Annex
730 Massachusetts Avenue
Arlington, MA 02476
Attn: Sarah Suarez
email: ssuarez@town.arlington.ma.us



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The Trust will accept applications on a rolling basis but no later than September 30, 2024 at noon, or until funding is fully obligated, whichever comes first. Late submissions will not be accepted.

Rule Of Award

The Trust will select those applicants who best demonstrate the ability to fulfill the goals and objectives of this initiative in accordance with the Trust's evaluation of their responses in accordance with the stated evaluation criteria. The Trust expects this program will provide the selected applicants with sufficient resources to acquire, convert, and/or construct appropriate properties to sustain affordable housing opportunities in Arlington. Funding amounts may be raised to make projects viable, if funding allows, at the discretion of the Trust. Once approved, Applicants will be required to enter into a Funding Agreement with the Town of Arlington.

APPENDICES

- Arlington Affordable Housing Trust Full Application
- Funding Agreement
- ARPA Rider
- Certification of Tax Compliance per state law
- Certificate of Non-collusion
- Certificate of Authority (applies to corporations only)

**END OF ARLINGTON AFFORDABLE HOUSING ACQUISITION & CONVERSION
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THE TRUST THANKS YOU FOR YOUR INTEREST